

The Contract System of Employment for Senior Government Officials

Experiences from the Pacific

Faamausili Dr Matagialofi Lua'iufi
and S Omar Z Mowlana



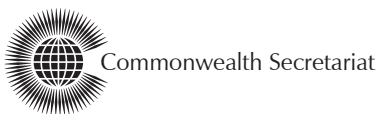
Commonwealth Secretariat

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**Managing the Public Service
Strategies for Improvement Series**



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Foreword

In pursuing the mandate for Public Sector Development, this study on the contract system of employment for senior government officials in five Pacific Commonwealth countries (Cook Islands, Papua New Guinea, Samoa, Tonga and Vanuatu) was undertaken by the Governance and Institutional Development Division (GIDD) of the Commonwealth Secretariat.

This publication reviews the effects of the reforms implemented under the ‘new public management’ principles on the roles and conditions of service of permanent secretaries in these countries. The countries introduced the contract system of employment to improve the effectiveness of their public services in promoting national development. Their experiences highlight the importance of acknowledging the political economy context when considering the implications of the contract system, and the political and administrative challenges of implementation.

The results of this study were presented by Omar Mowlana, Adviser, Human Resources Management, at the Commonwealth Association for Public Administration and Management (CAPAM) Biennial Conference in Malta in October 2010.

We have completed similar studies in the Caribbean region (Belize, Guyana, Jamaica and St Lucia) and in the Africa region (Botswana, Ghana, Uganda and Zambia). Current research is now being undertaken in the Asia region, and a fourth publication will follow for the benefit of the member countries based on the Asian experiences.

These studies will contribute to a Commonwealth-wide understanding of the effectiveness of the Senior Executive Service (SES) contract system. This will be useful in providing informed policy advice from a Commonwealth perspective on strategic choices, which can be critical to promoting good governance principles and the development of human resource capacity in public services in order to improve public service delivery and in turn the lives of all people, particularly the poor and vulnerable.

I wish to commend Faamausili Dr Matagi alofi Lua’iufi, Dr Taiamoni Pifeleti, Regional Adviser Pacific, and S Omar Z Mowlana, Adviser, Human Resource Management and Leadership Development in GIDD for this initiative.

Max Everest-Phillips
Director
Governance and Institutional Development Division
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Abbreviations and acronyms

CEO	Chief Executive Officer (Samoa)
CFTC	Commonwealth Fund for Technical Co-operation
CRP	Comprehensive Reform Programme (Vanuatu)
DGs	Directors General (Vanuatu)
DPM	Department of Personnel Management (PNG)
DSPPAD	Department of Strategic Policy Planning and Aid Coordination (Vanuatu)
ERC	Expenditure Review Committee (Tonga)
GIDD	Governance and Institutional Development Division
HoD	Head/s of department
HoM	Head/s of ministry (Cook Islands)
HR	Human resources
HRM	Human resource management
MFEM	Ministry of Finance and Economic Management (Tonga, Cook Islands)
MPMC	Ministry of Prime Minister and Cabinet (Samoa)
NPM	New public management
PERCA	Public Expenditure Review Committee and Audit (Cook Islands)
PMO	Prime Minister's Office (PNG)
PNG	Papua New Guinea
PPPs	Public-private partnerships
PS	Permanent secretary (PNG)
PSC	Public Service Commission
PSRMU	Public Sector Reform and Monitoring Unit (PNG)
SES	Senior executive service
ToR	Terms of reference

Summary

This study is the third of its kind undertaken by the Governance and Institutional Development Division (GIDD), concerning the issue of a contract system for permanent secretaries in Commonwealth countries. The study forms an integral part of the work of GIDD. In pursuing its mandate, GIDD mobilises a large percentage of its resources in strengthening institutions and practices that contribute to good governance and enhancing public sector capacity for effective and efficient public service delivery using appropriate strategies. This report discusses findings of the evaluation of the contract system for permanent secretaries in the Pacific region based on the experiences of Tonga, Papua New Guinea, Vanuatu, Cook Islands and Samoa.

Field visits were conducted in February and March 2010 using qualitative research methods such as semi-structured interviews. Guidelines templates were provided before the visits. Findings from the field visits confirmed the existence of contract systems of employment or aspects of contract arrangements in all the selected island countries. Samoa led the way by introducing contract system in November 1990, followed by the Cook Islands, Papua New Guinea and Vanuatu in the mid-late 1990s and with Tonga in 2004. At the time contract employment was perceived as part of the essential new management system adopted to encourage a performance driven public service culture. As highlighted in the draft Report on the Review of Reforms in the Pacific, improvement in public service delivery was identified as the ultimate objective and performance was pivotal in achieving that task.

Despite the emphasis on performance and the drive to change the public service culture, expectations of competent/excellent performance were not met by existing administrative practice, as the renewal of contract for excellent performance was not automatic as anticipated.

In the countries visited, permanent secretaries were all on contract employment. There were differences in the respective systems in relation to players who developed and administered the deliverables in the contract agreement, conditions of the contract agreement, conflict resolution and performance monitoring and assessment mechanisms. Whereas the Cook Islands had instituted an exact copy of the New Zealand model, others had developed their own versions.

Apart from the rhetoric that contract employment would contribute to improving service provision, a more persuasive assertion was the belief that contract employment

would contribute to a collegiality working relationship between Ministers and permanent secretaries and between permanent secretaries themselves as a group.

Challenges associated with contract employment at the strategic level were many and diverse. They included:

- Absence of real commitment and robustness in monitoring and evaluation of annual performance;
- Having too many players involved in the process resulting in inefficiency and ineffective management of contracts;
- Conflict resolution and disciplinary procedures for substandard and under-performance was not managed effectively because of socio-cultural values and reasons;
- Objective of a performance public service culture was not realised because of the policy intention for all vacant positions to be advertised openly;
- The constant reshuffling of permanent secretaries (PNG and Vanuatu) by Cabinet despite their satisfactory performances was a concern;
- No distinct linkage between contract deliverables and the corporate plan, annual plan and budget; and
- The traditional practice of secrecy regarding remuneration of Head of Ministry in the case of the Cook Islands, contradicted principle of transparency.

At the organisational level, findings pointed to the dire need for improved documentation and record keeping of processes, consistency in interpretation and application of procedural policies and processes. With contracting becoming a permanent feature of public service globally together with the tendency in the labour market to favour individual bargaining, the importance of accurate record keeping and documentation of processes became paramount.

Contextual Background of the Study

1.1 Introduction

The purpose of this study is to evaluate the contractual system of employment for permanent secretaries as part of the reform programme undertaken by five Pacific island countries, namely: Cook Islands, Papua New Guinea, Samoa, Tonga and Vanuatu. The impetus underpinning the reform programmes pursued by these five countries was basically similar to that which took place in other Commonwealth countries. Variations were found in contextual variables unique to a specific country.

The expected outcomes of this review are:

- For the adoption of recommendations to inform the strategic direction of Commonwealth technical interventions in strengthening the public sector and improving public service delivery in the Pacific Region; and
- To contribute to a Commonwealth-wide understanding of the effectiveness of Senior Executive Service (SES) contract system on improving public service delivery in the Pacific Region.

It is important to note that although the five selected countries have inherited a public administration system associated with the Westminster system of government, their traditional values and systems of governance have also significantly influenced today's public service management. Since all these countries have bilateral relations with New Zealand and Australia, there has been a strong correlation between the packaging of development assistance and the form and shape of the reform activities that have been undertaken by island governments.

Aside from Australia and New Zealand there have been other players who have reinforced the concept of contract employment. For example, the World Bank, International Monetary Fund, United Nations agencies and the Asian Development Bank, whose financial assistance has **built-in conditions** with which countries have had to comply. Other influential partners have included the Commonwealth Secretariat, Commonwealth Association of Public Administration and Management (CAPAM) and the Pacific Forum Secretariat.

I.2 Rationale of a contract system of employment

This shift in thinking in how administration should conduct their business has been more noticeable among the western countries. The 1980s marked the beginning of the end of traditional public administration with the emergence of dynamic leaders such as Margaret Thatcher, Ronald Reagan, Bob Hawke, Paul Keating and Jim Bolger, who saw the need to do away with traditional public service management in preference for more transparent and accountable government. Academics added fuel to the debate by releasing publications that highlighted how public taxes were becoming private money. Furthermore, dissatisfaction with public service performance had contributed to the amendment of legislation which removed union immunities to encourage a performance-driven culture at the workplace.

The public service, particularly in the western developed countries, introduced changes to legislation, structural, systems and culture in the 1980s to accommodate innovative private sector work practices and ethics. Aspects of the so-called **New Public Management (NPM)** found its place in public service/sector across the western countries and some traditional practices, such as long tenure employment within the public service, had been replaced by contract system of employment, particularly for the top echelon. The introduction of this NPM practice into the public service was pioneered by the southern Commonwealth member states of New Zealand and Australia.

The bilateral relations the selected countries have had with New Zealand and Australia have definitely influenced the public sector reform initiatives adopted. What was commonly referred to as the 'New Zealand model' has slowly found its way into the Pacific island public services since the 1990s.

The New Zealand model was founded on the concept of corporatising government departments and appointing chief executive officers as heads with competitive salaries. To enable the management of the reformed public sector, a strategic management approach was pursued in the daily operations of government. Underpinning this private sector practice was the notion of *making the managers manage* through a flexible framework which provided more autonomy from the central agencies' control, thereby facilitating a level of innovativeness. With improved information and more effective inter-organisational networks, the newly established work ethos became the foundation of efficient service delivery. The key aspects of the New Zealand model were:

- A selective set of generalised cross-portfolio policy objectives set by Cabinet (known as strategic results areas – SRAs);
- A process for co-ordinating departmental contributions to those objectives and making related resourcing decisions (strategic dialogue);
- A set of critical medium term commitments (key results areas – KRAs) which anchored departments' strategic contributions to the policy objectives, through incorporation in the chief executive's performance agreement;

- A requirement that chief executives regularly reported on progress being made on those commitments to their Ministers and to the State Services Commission; and
- An expectation that chief executives would take responsibility for making and taking care of the connections between their commitment and those of other chief executives, while also ensuring that their own commitments flowed down through their departments' managerial chain.

I.3 Terms of reference and objectives of the study

- (a) Undertake preparatory work such as a documentary review on public sector reform, including contract employment system;
- (b) Introductory visit to Public Service Commission/Office and preparatory familiarisation work in-country including appointments set up, review of country reform agenda and direction, including contract employment arrangement and how it fits into the whole reform framework;
- (c) Consultation and interview meetings with a range of key stakeholders and authorities in selected countries including but not limited to the Public Service Commission, Ministry of Prime Minister and Cabinet and the Ministry of Finance and a representative sample of CEOs or Heads of Ministries and departments on contract;
- (d) Fully assess and review key areas:
 - i. Review Report on the status of Public Sector Reform in five countries – Samoa, Tonga, Cook Islands, Vanuatu and Papua New Guinea.
 - ii. Evaluation Report on Contract of Employment System in the Pacific Region.
- (e) **Evaluate the contract system for permanent secretaries** in each of the selected countries. The principal objectives of the assignment are:
 - Explore the success and failure of the contract system as a means of result-oriented management and output-based budgeting in improving performance accountability;
 - Outcomes of this will inform the strategic direction for the Commonwealth continuing interventions to strengthen public sector and improve public service delivery in the Pacific; and
 - Contribute to a Commonwealth-wide understanding of the effectiveness of SES contract system on improving public service delivery in the Pacific.

Seven sub-objectives required a focus on:

1. Management approaches used by the public officials operating under a contract system;
2. Return on high investments made by governments in implementing the contract system;
3. Performance measure and reward under the contract system;
4. Scope of and potential for leadership of senior public servants under contract;
5. Whether the contract system impinges on independence and influence of the public servant;
6. Nature of mediation relationships; and
7. Lessons learnt under this contract system.

1.4 Approach and methodology

The overseas field visits commenced on 3 February 2010 with consultations conducted with key stakeholders in Tonga, Papua New Guinea, Vanuatu and the Cook Islands respectively. Consultations in Samoa started in late January and completed in early March 2010.

The delay in activating field work was largely due to the unavailability of Senior Officials in the selected countries. Confirmation of consultation schedules with CEOs was received prior to departure. However, on arrival researchers found that some CEOs were still on vacation or had to attend urgent unplanned ministerial or governmental meetings which required their presence. Consequently, appointments had to be rescheduled and consequently the field visits took five weeks to complete.

Table 1.1 provides an aggregate of those people interviewed from the priority organisations as set out in the ToR but also portraying a much wider representation of the private sector, donors and parliamentarians. Detailed information of the interviewees is contained in Appendix A.

Table 1.1 Number of interviewees in country

Countries	Sectors				Total no.
	<i>Donors</i>	<i>Public service</i>	<i>Private sector</i>	<i>Politicians</i>	
Tonga		13	1		14
PNG	2	16	3		21
Vanuatu		10	1	1	12
Cook Islands		9	5	3	17
Samoa	3	8	6	3	20
Grand total	5	56	16	7	84

Prior to the commencement of field visits, templates outlining specific information regarding public service characteristics and other background information pertaining to contract employment were sent to assist consultation meetings as per Appendix B, C, D and E.

An advantage of doing field visits was the ability to observe first-hand the office facilities, people’s conduct and behaviour at their work place and general operation in and around the work environment. The physical appearance of the work environment seems to mirror the persona of the prevailing governance systems and institutions in-country. Subsequently, the most glaring observation was how some of the very senior public servants were unfamiliar with the nuts and bolts of the contract system of employment they used.

A review of relevant documents and reports provided useful background information and/or further corroboration to ensure data validity.

I.5 Time scheduling for deliverables

Following is the itemisation of deliverables time scheduling and reporting.

<i>No.</i>	<i>Deliverable description</i>	<i>Timeline in weeks</i>	<i>Date due</i>
1	Progress Report	2 weeks	4 March 2010
2	Draft Report on Contract System of Employment	2 weeks after consultation	25 March 2010
3	Draft Report on Progress of Public Sector Reform	2 weeks after consultation	25 March 2010
4	Final Report on Contract System of Employment	1 week after receipt of Secretariat comments	31 March 2010
5	Final Report on Progress of Public Sector Reform	1 week after receipt of Secretariat comments	31 March 2010

I.6 Key assumptions

The challenges noted in this report assume that the Commonwealth Secretariat and Pacific island member countries:

- Will be considered in a proactive manner by each country;
- Will be funded under some mutual understanding;
- Will be factored into any new attempts to reform; and
- Any improvements that are needed will be investigated.

The Contract System of Employment in Selected Pacific Nations

2.1 Introduction

The guideline objectives of the assignment contained in the ToR were followed closely in the interviews and group consultations (see Appendix B, C, D and E). The researchers sought to re-focus some objectives, however, and added these to the original objectives to ensure a more holistic evaluation of why initiatives, begun with good intentions, had not produced the expected outcomes. Following are the amended objectives used to solicit views and observations of interviewees:

- **Identify objectives** underpinning government's decision to place heads of departments, ministries and agencies on contract employment and whether the contract arrangement has achieved the planned objectives. Highlight outcomes.
- Define how contract employment **integrates with the government's** broad reform agenda and whether **returns on investments** in implementing this initiative has contributed to sustaining reforms – in particular, improved service delivery.
- **Identify and assess management approaches** used by officials operating under a contract system and recommend where improvements can be made.
- **Discuss the recruitment and selection system/process** in place concerning appointment of contracted heads of departments/ministries.
- Evaluate the operating performance management system and related incentive and reward mechanisms.
- **Discuss the discipline framework** that is in place for poor performance and the mechanism for grievance and unfair dismissal/treatment.
- **Highlight challenges** posed by contract employment on the independence and neutrality of the public service from political interference.
- **Identify areas** where positive/negative lessons can be drawn and shared, and those requiring improvements and why.

2.2 Objectives underpinning the introduction of a contract system of employment

Overwhelmingly, the Pacific island governments have adopted the idea of contract employment because leaders were convinced this would bring benefits to the public service in relation to improved service provision as well as overall commitment. Under the system of long tenure employment, the honourable tradition of serving the public with humility and respect was secondary in most work places and the public was perceived as a mere nuisance. With the elected officials being made accountable to the people through Parliament, the contractual appointment of permanent secretaries by the head of state or Cabinet based on the advice of the Public Service Commission would ensure their being made accountable for the implementation of government's policy decisions and programmes. Previously, permanent secretaries' performances were almost exclusively assessed for the in-house workings of the employer, in this case the Public Service Commission.

Island countries have had diverse reform agendas and pursued reform differently; they therefore adapted and developed systems and practices that best suited their local context. The most compelling finding was the fact that all Pacific island countries were struggling with the management and administration of contract employment.

An ADB evaluation of the effectiveness of ADB support for public sector reforms in the Pacific reported that, when managing complexity, *'Reforms introducing modern systems needed to better consider historical, social, and cultural traditions and context in design and implementation'*. This is reiterated through the experiences of those interviewed, in particular the permanent secretaries who advised that they had failed to thoroughly articulate the complexities surrounding contract management before deciding to institutionalise it. This view was also shared by some ministers when questioned about the lack of understanding and commitment on their part in relation to:

- Managing the contract agreement and its deliverables;
- Managing the performance assessment and accountability of CEOs/PSs; and
- Managing conflict resolution – to effect termination for underperformance or for breaching the code of conduct.

Although most of those consulted supported and agreed with the benefits of contract employment, they were cynical about certain aspects of the system, yet preferred to 'pass the buck' rather than taking responsibility in addressing issues. For instance:

- Too many players involved in the administration of contract, i.e. Cabinet, ministers, PSC, DPM (PNG) and Secretary to Prime Minister and Cabinet, thereby creating delays and confusion regarding demarcation of roles;
- The issue of accountability is clouded (who do CEOs report to? – Head of State, PM, Cabinet, minister responsible, chairman of PSC, Financial Secretary etc.);

- Views of contracted employees concerning certain aspects of the contract as noted above are not seriously taken into account before formalising the contract agreement;
- Difficulty in performing agreed tasks in the contract when the approved budget does not provide the necessary resources;
- The need to synchronise the whole planning cycle, contract agreement, and the budget;
- Absence of proper incentive systems to compensate for extra responsibilities and satisfactory achievements; and
- Inconsistency in interpretations of specific provisions of the contract document by the contractor and government legal adviser.

2.3 Integration of contract employment to broad reforms and return on investments in implementing contract system of employment

As discussed in section 2.2, the introduction of contract system of employment was part and parcel of NPM systems and practices adopted by governments to change the modus operandi of the public service to become more responsive, transparent and accountable in its daily conduct. Other new systems that were introduced to institute and reinforce changes in public service culture included strategic corporate management (formulation of corporate plans, annual management plans, output-based performance budget, service charters or standards) and the enforcement of performance management system. While the internal operations of public service were strengthened and reinvigorated, at the same time commercial oriented functions of governments were corporatised and privatised.

Again the experiences of countries visited are rather mixed. Samoa's experience has been positive. However, after the first decade, interested contenders had lost confidence in contesting CEO positions when the same people who were currently holding those positions were being re-appointed. The absence of robust performance assessment and evaluation meant that government continued to employ some CEOs – who were 'clearly underperforming', as claimed by some interviewees. Where CEOs have been continuously re-appointed on the basis of 'satisfactory performance', it is debatable whether government has benefited from such investments.

Team work and the spirit of collegiality varied between countries and one tends to question the roles of the respective players who are responsible for monitoring CEO performance and conduct – for instance chairpersons of PSC, the responsible ministers and in some cases the department of human resources/personnel, PM and Cabinet. Though contract employment continued to be revised and amended, the

process in itself had been beneficial for respective players in terms of their capacity building in contract management.

Overall, responses from people interviewed stated that investment in contract employment has been positive in many cases because ministries have been able to achieve their expected outputs. Also in terms of sustainable development island countries have been able to attract and retain their most experienced and most qualified citizens from leaving in search of better conditions or 'greener pastures'.

There is a need to conduct a comprehensive analysis of this component in view of the contract inclusive package: salary, allowances, benefits of vehicle, accommodation, house maids, insurance and professional development to mention a few.

2.4 Management approaches used by public officials operating under a contract system

A template outlining the management approaches used in ministries and departments was sent out before field visits. The aggregate response indicates that in most island countries PSC and Ministry of Finance delegated and/or devolved some of their operational functions but the management of finance and human resources was largely centralised.

Samoa and the Cook Islands had fully devolved the PSC functions to line ministries in early 2000, but they differed in their individual approaches. In the case of Samoa, operational functions such as leave and allowances administration had been devolved outright. As for more technical functions such as recruitment and selection, and discipline and grievance management, these were initially trialled by ministries through delegation before full devolution became effective. Though the bulk of traditional PSC operational functions have been fully devolved, in the performance of these devolved functions ministries were required to comply with the PSC's strategic HRM framework. This arrangement was deliberate so that PSC could monitor and facilitate line ministries management of devolved functions.

In the case of the Cook Islands, PSC operational functions had been devolved to heads of ministry without trial and therefore public servants' benefits and working conditions were determined unilaterally by the responsible HoM. Although this devolution allowed the HoM to get on with the management of their personnel, it created anomalies because of different interpretations of the PSC Act by HoM. This management challenge had been compounded by the absence of regulations and guideline policies to assist the HoM.

The approach taken by these two countries varied because the management of finance is also different. Where financial management in the Cook Islands is fully devolved to HoM, in Samoa, Ministers and CEOs have delegated authorities of up to \$100,000 and \$50,000 respectively. In addition, goods and services valued at more than \$100,000 were tendered publicly.

In other jurisdictions, both the human resources and finance are either delegated or semi-delegated with limited authorities. The purpose for such cautious decisions according to interviewees was twofold:

- Ministries and departments do not have the necessary capacity to perform these functions; and/or
- The current system has not been fully developed to ensure fair, just and corrupt free management.

For outsourced functions, performance outcomes have been mixed with successes more noticeable in road construction, telecommunications and ports maintenance compared with utilities such as water and electricity.

In view of the above scenarios, one can conclude that Pacific island countries tend to be more comfortable with some delegation and semi-delegation rather than full devolution. In regards to contract employment, the Pacific scenario prevents permanent secretaries and CEOs from being effective and efficient managers because the essential resources, i.e. finance and HR, required for the discharge of ministries responsibilities are managed centrally.

2.5 Recruitment and selection process for contract employment

One of the challenges mentioned by interviewees was the delay in the whole process of recruitment and selection, and re-appointments because of the multitude of players who were responsible for specific stages of the process. In every country visited, the common player who handled the administrative functions was the Public Service Commission. The other ministries involved were the Office or Ministry of Prime Minister and Cabinet. The only exception was the Cook Islands where an appointment was the prerogative of the PSC Commissioner in consultation with the responsible minister, though the final decision required Cabinet's sanctioning. The other player was the Office of the Attorney General.

However, in the case of Papua New Guinea the PSC is a separate agency from the Department of Personnel Management and when a permanent secretary position becomes vacant the advertisement is a shared responsibility between the Department of Personnel Management and the Department of Prime Minister and National Executive Council. This arrangement, according to interviewees, often resulted in long delays in advertisements and appointments. Under previous arrangement of long tenure employment, the only active player concerning the permanent secretary appointments was the Public Service Commission.

2.6 Performance measurement and reward under the contract system of employment

Performance measurement, reward and compensation for work done varied extensively between island countries visited. Appendix C provides more detailed information with the exception of PNG who at the time this report was written were unable to submit the requested information.

The following were challenges identified with regard to performance measurement:

- The absence of linkage between the annual approved budget and any deliverables in the performance agreement between the minister and CEOs/DGs/PSs;
- The absence of corresponding performance assessment framework to enable the process; and
- A lack of commitment by ministers and chairpersons of PSC to conduct the assessment in most cases.

In reference to the first point, Samoa has ensured that since the introduction of output-based budgets there is a linkage. This connection was not present in the early years of contract employment. It has evolved over years and after many attempts to address evident teething problems. A corresponding performance assessment framework was developed and involved a lot of consultation between the Chairman of PSC, minister and CEO. Though it had been developed in 2003, the responsible players then were not really interested in performing this task. Vigorous assessment has now been conducted.

In the case of Tonga, performance measurement was hindered by the lack of connectivity between the contract agreement and the annual budget. According to the CEOs the problem arises from the Expenditure Review Committee changing their Ministries' budget and other resources required for service provision. The performance assessment system is based on an elaborate customised balanced score card. During the field visit the question was raised whether the balanced score card was used in the case of CEOs who were disengaged or terminated by government. Inconclusive responses indicated an uncertainty about the process. Some commented that CEOs had been terminated based on the PM's assessment of his/her performance.

Such scenarios are not unique to Tonga. It has happened in PNG and Vanuatu quite frequently over the years. It was understood that PSs and DGs tend to be too preoccupied with nurturing their relationships with their ministers rather than managing and leading their ministries. Those employees assisting PSs/DGs and CEOs readily expressed their dislike and anger about the conduct of most PSs. However, in spite of these grievances, they still believed contract employment was the way forward - as long as those responsible for assessing CEOs' performance were competent and performed their responsibilities adequately.

It was apparent that most island countries provided decent basic salaries as well as the other usual perks of vehicles, telephone, accommodation at non-commercial rates, uncapped travel, etc. The need for improvements was in relation to compensation for excellent performers through payment of a bonus of some sort. Again, given the fact that Samoa introduced the contract system of employment much earlier, Samoa is perhaps much more advanced in many aspects in comparison with the other island countries.

2.7 Scope of and potential of leadership demonstrated by CEOs under a contract system of employment

In all jurisdictions, contract employment has provided CEOs with the opportunity to demonstrate their leadership qualities – however, this has not always been the case. There are some very strong, visionary leaders in every country but, in the case of Samoa, women have demonstrated that they are more committed and are better strategic thinkers and planners compared with their male counterparts. This viewpoint is reiterated by political leaders themselves, who have endorsed the fact that women tend to work long hours, are always better prepared for meetings and do not shy away from making hard decisions.

This fact that women CEOs/PSs/HoM are more capable and competent leaders is obvious in other countries as well, for example in Tonga, Cook Islands and, of late, the Solomon Islands. In these countries the selection process is merit based and together with socio-cultural values, the scope for women becoming leaders is relatively very positive.

Factors that have contributed to few women holding CEO positions in the Melanesian countries are largely based on cultural values. These same values contribute to the low number of women having completed tertiary education compared with men. This is a priority area where affirmative intervention by the Commonwealth Secretariat is required.

2.8 Impact of the contract system of employment on the independence and influence of the CEO

Broadly, there is a misconception that contractual employment has eroded the independence of the public service and influence of CEOs in managing and leading their ministries.

This assumption could be quite accurate when a CEO displays a certain degree of laxity to avoid a clash with the Minister or when traditional values deeply embedded in the public service are the values respected by the PSs or CEOs and/or when CEOs or PSs compromise their independence because of wanting to remain in the minister's good books.

The intent of contract employment was based on honourable principles and aimed at encouraging ministers and CEOs to work together as a team. Therefore both parties need to respect the independence of the public service and act accordingly. Interestingly, this has been quite difficult to maintain in a small island environment where everyone knows and is related to each other. There are many examples where the independence of the public service has been compromised and continues to be – with the presence or absence of a contract system of employment. Again, in search of explanations countries must look towards traditional values, behaviours and governance institutions and the impact on reform – an issue raised in the report on the ‘Review of the Progress of the Public Sector Reform Programmes in the Pacific’.

Most of the appointments to contract positions in all Pacific countries are based on who the ministers are comfortable with. This is not a bad thing especially if a minister has little knowledge of the allocated portfolio as he/she can depend on the appointed person. But the negative aspect to this type of appointment is the failure to ensure COEs/DGs/HoD are advisers ‘at arms-length’ to elected officials so as to ensure that the integrity and neutrality of the public service is maintained.

2.9 Arrangement for conflict mediation and resolution

Of all the challenges of managing contract employment, conflict mediation and resolution have by far been the most controversial and sensitive component with disgruntled employees actively pursuing their grievances in courts of law. Contract employment has existed in Samoa for close to 20 years, during which two personal grievance cases have been pursued against presiding governments. One case resulted in an out-of-court settlement whereby the former CEO was re-employed for the remaining months of his contract at a different ministry and received no other costs. The second case involved another CEO who sued government and a local newspaper for defamation. Although the court ruled against the former CEO at the time, government contributed WS\$20,000 or about £5,000 sterling to assist with his enormous legal fees.

In the case of Tonga, three HoD have been terminated, which led to lawsuits being taken against the government. Two cases have already been settled out of court with hefty settlements, while the ruling on third one is yet to be determined.

The Cook Islands and PNG have had recent problems with their Financial Secretary and Permanent Secretary for Finance because of poor management of the countries’ financial investments. Both these senior public servants’ contracts have been terminated, and both have gone to the courts for settlement and to clear their names.

In all the above cases, the contracted person questioned the management of the process or the validity of the contract in relation to the legislation, or disputed the involvement of ministers in the decisions which were being challenged. What we can

conclude from these situations is the fact that the termination clause in employment contracts is not clearly spelt out, thereby allowing both parties to re-negotiate settlement out of court when faced with issues of conflict or dispute. Whether this aspect of contract employment practice is preferred to an express employment contract is a matter that requires further research and adjustments to ensure its compatibility with the local context.

Potential of a Contract System of Employment in the Pacific

3.1 Lessons learnt

It is not uncommon for any new system or practice to undergo continuous modifications and amendments to ensure its viability. The contract system of employment as evidenced during consultations was something new to all island governments and lessons learnt can broaden understanding and assist in making the system work. Following are some observations.

- CSE has to a certain degree allowed public service to attract, sustain and retain the scarce pool of skilled professionals in the islands and contributed to the PS's overall growth and development.
- Recent developments have provided island countries with the opportunity to reassess contract arrangements in relation to annual plans and budget, performance assessment procedures, conflict resolution processes and the responsibilities of those involved.
- Despite the outcome of general elections and political allegiances, the public service must continue 'business-as-usual' as they have a legal mandate to ensure the continuity and sustainability of services to the public.
- Performance of PSs/CEOs/DGs/HoM is difficult to measure because resources required to enable the efficient management of their ministries/departments are still being controlled centrally by the PSC and Treasury or Ministry of Finance.
- A robust and committed effort to encourage performance assessment cannot be realised because key players are not familiar with the system.

3.2 Future challenges

Following are potential areas of future challenges:

- The employment contract document should clearly express all the relevant terms and conditions of the appointee. In addition, it should express clearly what is expected of the appointee and state clearly timelines for the delivery of tasks and responsibilities.

- Island countries need to revisit performance assessment procedures and arrangements and strengthen them so as to encourage appointed officials in using the approved internal mechanisms rather than the courts in resolving disputes.
- There is a need for elected officials to appoint CEOs/DGs/PSs using a merit selection process rather than appointing their families, friends and wantoks (a term commonly used in Melanesian to refer to a buddy or person from the same tribe, clan or province). If the appointment process is fair and transparent then ministers and the PM should not have any difficulty when dealing with non-performers.
- Every island country should allocate adequate resources to enable the development of young leaders who will be the future CEOs. Similarly, PM and Cabinet Ministers should be briefed and familiarised with the different components of the contract system.
- Remuneration and incentive systems should be reviewed regularly so that the public service is able to attract, retain and sustain competent appointees/officials.
- The system should provide mandated flexibility so that appointed officials can get on with the management of their organisations. This demands a further devolution of finance and HR to line ministries.
- Elected officials and appointed officials should discuss openly the weaknesses and challenges of contract management in order to identify workable solutions.

3.3 Potential of a contract system of employment in the Pacific

Contract management is largely supported by all CEOs consulted as the only effective system to minimise political interference in the delivery of public service. There is great potential if weaknesses and challenges discussed in this report are addressed for future improvements and strengthening.

Interviewees identified weaknesses that were prominent in the management of contracts which had little to do with the actual agreement. In fact it had more to do with the conduct of those parties who are responsible for overseeing contracts and thus highlighted as being the root of ineffective contract management.

Conclusion

Any new practice or system introduced into the public service is being implemented because it adds value to effective and efficient public service delivery. The decision by many island countries to use the contract system in employing permanent secretaries emanates from good intentions – the principal objective to change the culture of public service to a performance driven work place managed by ethical and professional people. However, given the complexities surrounding contract employment, some tend to believe the initiative has been instituted too early without thorough analysis of possible contingencies to ensure the process is fair and so that the appointee(s) are managed in a fair and professional manner.

Everyone consulted agreed that there were potential gains from investments made in contracting permanent secretaries. Practical systems and processes, simple regulations and policies, supportive and enabling work environment, satisfactory work incentives and remuneration together with inspiring leaders contributed to a bankable contract system of employment where all parties would benefit.

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Appendix A: Personnel consulted during field visits

<i>Name</i>	<i>Position</i>	<i>Ministry</i>
Tonga		
Mr Tiofilusi Tiueti	Deputy Secretary for Finance	Ministry of Finance and Planning
Ms Tufiu 'Aho	Deputy Secretary for Planning	Ministry of Finance and Planning
Mr Busby Kautoke	Chief Secretary and Secretary to Cabinet	Department of Prime Minister and Cabinet
Ms Unaloto Vaka'uta	Deputy Secretary	Prime Minister's Office
Mr Pita Vuki	Deputy Secretary	Prime Minister's Office
Dr Viliami Fukofuka	Director of Education	Ministry of Education, Women's Affairs and Culture
Ms Peaua Heimuli	Deputy Director	Ministry of Education
Mr Tevita Ma'u	Deputy Director	Ministry of Education
Ms Pulupaki Moala	Deputy Director	Ministry of Education
Ms Mishka Tu'ifua	Chairperson	Public Service Commission
Mr Filimone Fifita	Commissioner	Public Service Commission
Dr Palenitina Langa'oi	Acting Secretary for PSC	Public Service Commission
Ms Salote Vuki	Principal Officer	Public Service Commission
Mr Richard Lloyds	Private Sector Entrepreneur	Building and Construction Sector
Papua New Guinea		
Mr Bill Kua	Director, Public Sector Reform Management Unit	Department of Prime Minister & National Executive Council
Mr Ephraim Sukbat	Programme Manager, Central Agencies	Department of Prime Minister & National Executive Council
Mr John Kali	Secretary	Dept of Personnel & Mgt
Mr Eric Carlua	Director, Performance Monitoring & Evaluation Unit	Dept of PM and NEC
Dr Bill Hamblin	Technical Assistant on Public Service Home Ownership Programme	DPM
Mr Rigo Lua	Chairman	PSC
Dr Phillip Kereme	Commissioner (Provincial)	PSC
Dr Linda Tamsen	Commissioner (National)	PSC
Mr Anaeli Nnko	Director	PNGIPA
Mr John Silikara	Acting Deputy Director	PNGIPA
Mr David Conn	Chief Executive Officer	Port Moresby Chamber of Commerce
Mr Pati Gagau	Manager NZAid	New Zealand HC
Mr Ravu Verenagi	a/Deputy Secretary Policy	DPM
Mr Ravu Vagi	a/Deputy Secretary Operations	DPM
Mr George Taunakekei	Executive Manager Workforce Organisation & Development	DPM

<i>Name</i>	<i>Position</i>	<i>Ministry</i>
Mr Brown Bai	Chairman/Private Sector	Public Sector Reform Advisory Group
Mr George	Executive Manager	Public Sector Reform Advisory Group
Ms Linda	Assistant Manager	Public Sector Reform Advisory Group
Mr Simon Tosali	Secretary	Dept of Treasury
Mr John	Internal Auditor	DPM
Dr Lautofa MacCathy	General Practitioner	Private Sector
Vanuatu		
Mr Nikenike Vurobaravo	First Political Adviser to PM	Ministry of PM
Mr Sam Dan Avok	Chairman of PSC	PSC
Mr Laurent Rep	Human Resources Manager	PSC
Mr Wilson Kanam	Acting Secretary	PSC
Mr Russel Nari	Director General	Ministry of Education
Mr Mark Bebe	Director General	Ministry of Health
Mr Marokon Alilee	Director General	Ministry of Trade, Tourism and Business Development
Mr Louis Kalnpel	General Manager	Chamber of Commerce
Mr Gregoire Nimbtik	Director	Dept of Strategic Policy Planning and Aid Coordination
Mr Wilfred Koran	Principal Performance & Assessment Officer	PSC
Mr Brendon Toner	Systems Accounting Adviser	Ministry of Finance
Mr Jack Loughman	Manager Exchequer Services	Ministry of Finance
Cook Islands		
Mr Mac Mokoroa	CEO	Office of the Prime Minister
Ms Tarita Hutchinson	Former CEO/Private Sector Entrepreneur	Private Sector
Mr Paul Allsworth	Auditor General	Audit Office/PERCA
Mr Allen Parker	Manager	Audit Office
Mr Nandi Glassie	Atiu MP/Former CEO	Parliamentarian
Mr Terry Hagan	Former CEO Justice	Justice Department
Sir Geoffrey Henry	Former PM	Civil Society
Mr Ken Matheson	Former CEO Education	Ministry of Education
Mr Kevin Carr	Former/Acting Financial Sec	Ministry of Finance
Ms Sharyn Paio	CEO	Ministry of Education
Mr Anthony Turua	CIWA President	Ministry of Education
Hon. Wilkie Rasmussen	Minister of Finance	Parliamentarian
Mr Brian Mason	Former Chairman of the Budget Committee	Private Sector

<i>Name</i>	<i>Position</i>	<i>Ministry</i>
Ms Teresa Manarangi-Tress	Former President of the Chamber of Commerce	Private Sector
Ms Poko Heather	Principal Officer	PSC
Ms Priscilla Maruariki	CEO	PSC
Ms Carmen Temata	Senior Performance Officer	PSC
Samoa		
Dr Helen Leslie	Manager NZAid	New Zealand HC, Apia
Mr Afoa Kolone Vaai	Former Financial Sec/Private Sector Consultant	Private Sector
Mr Iulai Lavea	CEO	Ministry of Finance
Ms Beth Onesemo	CEO	PSC
Ms Vaosa Epa	CEO	MPMC
Ms Palanitina Toelupe	CEO	Ministry of Health
Ms Caroline Bilkey	NZ High Commissioner	New Zealand HC, Apia
Mr Ian Bignall	AusAID Manager	Australian HC, Apia
Ms Sina Lima	President Chamber	Private Sector
Ms Roina Faatauva	CEO SUNGO	NGOs
Ms Hinauri Petana	former CEO	Ministry of Finance
Mr Afamasaga Toleafoa	Consultant	Private Sector
Mr Papalii Grant Percival	President SAME	Manufacturing Sector
Hon. Joe Keil	Assoc. Minister of Trade	Parliamentarian/Private Sector
Hon. Faumuina Liuga	Minister Natural Resources	Parliamentarian
Hon. Misa Telefoni	Deputy PM	Parliamentarian
Ms Lusua Sefo	CEO/former Deputy MoF	Ministry of Revenue
Dr Cam Wendt	Manager PSIF	MPMC
Ms Galumalemana Petaia	CEO	Ministry of Education
Mr Asuao Kirifi Pouono	CEO	Ministry of Agriculture

Appendix B: Characteristics of Pacific public services visited

Country	Size of the public service	Number of ministries	No. of permanent secretaries and CEOs	No. of CEOs on contract employment	No. of CEOs on open tenure		Gender	Retirement age	No. of other positions on contract employment
					Male	Female			
Cook Islands	1,500	24	24	24	24	20	4	65	180
Papua New Guinea	83,859	28 political portfolios 97 govt agencies	97	97	nil	n/a	n/a	60	1140
Samoa	3,895 excluding police	14 plus 3 constitutional offices – PSC, Attorney General, Audit Office	17	14 + AG and Controller / Chief Auditor & PSC Chair	None	8 plus 3 constitutional offices	6	55	About 140 in 2nd Level 23 CEOs for SOE
Tonga	3,096	22	14 currently on contract 7 are on acting capacity	All positions are on contract employment	None	13 5 others on acting	1 2 others on acting	60	nil
Vanuatu	5,000 + including police force & teachers	13	14 permanent DGs	14 DGs on Performance agreement	None	14	0	55	Nor at the moment

Notes: In the case of Papua New Guinea, the size of the public service provided in the above table is an estimate, there is about a possibility of another 3,000 public servants who are **unattached**. Given the absence of an integrated HR information system it is difficult to know exactly how many are unattached. The concept of unattached personnel derives from employees who are transferred out of their positions, replaced by others but are still getting paid by government. In this regard, employees float around in organisations without clear job responsibilities.

Appendix C: Features of the contract system

Country	Year CSE introduced/ duration	Conditions of service	Eligibility for position	Written contract agreement	Written contract review mechanism	Robustness of review and parties involved	Fields requiring improvements
Cook Islands	<ul style="list-style-type: none"> 1995: Fixed term of 3 years 2009: fixed term of 3 yrs for 3 terms then HoM cannot apply for same post 	<ul style="list-style-type: none"> Salary is not fixed; there is a salary band and HoM once appointed can negotiate individual package Transport allowance is optional 10 days sick leave 20 days annual leave One month notice for termination notice Bereavement leave subject to PSC Act Contract fixed 	<ul style="list-style-type: none"> Open 	<ul style="list-style-type: none"> The contents need to be confirmed 	<ul style="list-style-type: none"> Nil 	<ul style="list-style-type: none"> The review is conducted solely by the Commissioner and the appointee can discuss with Commissioner but it's not anywhere near robust 	<ul style="list-style-type: none"> All the issues highlighted in this survey
Papua New Guinea	<ul style="list-style-type: none"> 1996 	<ul style="list-style-type: none"> Contract fixed 	<ul style="list-style-type: none"> Open 	<ul style="list-style-type: none"> Yes, between the Head of State, DPM and appointee 	<ul style="list-style-type: none"> Yes, between the CACC, Ministry, DPM and PSC 	<ul style="list-style-type: none"> System in place requires improvement 	<ul style="list-style-type: none"> Requires TA to assist govt with the whole issue of contract employment
Samoa	<ul style="list-style-type: none"> 1990: Fixed term of years Position advertised at the end of each term despite performance 1998: Fixed 	<ul style="list-style-type: none"> Fixed starting salary of W/\$115,000 or W/\$112,000 p.a. Telephone allowance of \$3,600 p.a. Mobile phone allowance cap at \$300 per month Pension applied Vehicle with petrol cap at 	<ul style="list-style-type: none"> Open to career public servants, private sector and the general public including those residing overseas 	<ul style="list-style-type: none"> Yes, there is a written contract whereby the Chairman of the PSC signed on behalf of govt. 	<ul style="list-style-type: none"> Yes – an Executive Management System was formulated and implemented in 2003 after 	<ul style="list-style-type: none"> It is robust in most cases where the 360 degree method had been used on the insistence of CEOs This method has allowed even 	<ul style="list-style-type: none"> Training of ministers and CEOs alike on the necessity of conducting performance assessment Linking CEOs

Country	Year CSE introduced/ duration	Conditions of service	Eligibility for position	Written contract agreement	Written contract review mechanism	Robustness of review and parties involved	Fields requiring improvements
	term changed to 3 years	<ul style="list-style-type: none"> \$5,000 p.a. Eligible for govt housing at non-commercial rates Gratuity of 2 weeks leave for every year served, taxable Contract can be terminated by one month's notice by either party CEO subjects to PS regulations 25 days annual leave and 25 days sick leave Entitled to other leave as well subject to Cabinet approval No medical insurance 	<ul style="list-style-type: none"> Exempted from the retiring age of 55 yrs Both males and females are encouraged to compete provided they meet requirements 	<p>The other signatory is the Attorney General</p> <ul style="list-style-type: none"> This is signed after the CEO takes his/her oath publicly 	<p>realignment of the govt. machinery</p> <ul style="list-style-type: none"> The review is conducted between the PSC Chairman, responsible Minister and the CEO This process is done annually within 3 months after the completion of the FY 	<p>the ACEOs to assess the performance of their CEO</p>	<p>performance assessment mechanism to the other levels of the organisation</p> <ul style="list-style-type: none"> Required training for all Senior officers regarding the administration of different aspects of contract employment
Tonga	<ul style="list-style-type: none"> 2004 – some positions are appointed for 2 years fixed with a possible extension of another year. At the end of that term, position is advertised 	<ul style="list-style-type: none"> CEO salary is fixed at TOP \$48,000 Telephone allowance of \$1,000 Professional subscription \$1,000 Internet allowance of \$900 Gratuity of 40% of annual salary at end of contract Payment of earned leave up to a maximum of 40 working days 	<ul style="list-style-type: none"> Position advertised throughout the region therefore it's open to anyone 	Yes	<ul style="list-style-type: none"> Yes, based on performance review guidelines – balanced score card with 4 key factors: finance, people, process and 	<ul style="list-style-type: none"> Not as robust as it was intended 	<ul style="list-style-type: none"> Yes, in performance assessment as well as the linkage of performance agreement deliverables to the budget

Country	Year CSE introduced/ duration	Conditions of service	Eligibility for position	Written contract agreement	Written contract review mechanism	Robustness of review and parties involved	Fields requiring improvements
Vanuatu	<ul style="list-style-type: none"> Not on fixed term as PSC and PM can have them transferred to another Ministry 1998 CE introduced but put on performance contract in 2007/08 Position advertised at the end of each term despite performance 	<ul style="list-style-type: none"> Payment of sick leave up to a maximum of 30 days Entitled to govt. quarters Entitled to govt. vehicle 21 days annual leave Entitlement to other leave subject to Cabinet approval No medical insurance Eligible for govt housing at non-commercial rates Fixed starting salary Vehicle with petrol Telephone allowance and mobile phone Child allowances for 2 only 	<ul style="list-style-type: none"> Open to both career public servants, private sector and the general public including those residing overseas Exempted from the retiring age of 55 yrs Both males and females encouraged to compete provided they meet the requirements Must be a local Must be bi-lingual (French and English) 	<ul style="list-style-type: none"> There is a written contract but it has not been used yet 	<ul style="list-style-type: none"> Written contract review mechanism stakeholder or customer There is no formal system in place to review DG's performance contract Needs to be worked on 	<ul style="list-style-type: none"> Not really, DG's performance is based on assessment of the Minister in most cases DGs are more committed to this than ministers 	<ul style="list-style-type: none"> Technical assistance in tidying up every aspect of contract management The second improvement is required for all Senior Officials to have some training in managing employment contract Need assistance in the preparation of different plans that contribute to a meaningful performance management system

Note: PNG officials have not been able to provide comprehensive information requested.

Appendix D: Linkage between contract employment and a performance management system

Country	Expressed/Implied linkage	Clear linkage to budget	Reporting and accountability mechanism	Performance assessment	Reward and incentives	Areas to improve
Cook Islands	Expressed but the Commissioner and Cabinet and the appointee are the only people privy to the remuneration and benefits of any HoM. These details are not available on file	Yes, HoM, some divisional heads have been delegated responsibility to manage linkage to MFEM financial procurement and business plan	Many reporting requirements but HoM report directly to the authority concerned. Only report by PSC Commissioner relates to the HoM annual performance of duties	Annual	Limited	All components of the contact system
Samoa	Expressed	Yes for all outputs	<p>Annual reports</p> <p>Parliament</p> <p>Budget Committee</p> <p>Public Accounts Committee</p> <p>PSC Chairman</p> <p>Mid-year Reports</p> <p>Budget Review</p> <p>Quarterly Reports</p> <p>Budget committee on spending</p> <p>PSC on HR management</p> <p>PSC Chairman and Finance on goods and services procurement</p>	Annually between the PSC Chairman, Minister and the CEO	Basic remuneration and other incentives are aligned to the contract; introduction of a bonus system is still under review	Need to write performance outcomes concisely to assist with measurement
Tonga	Expressed	Not really	Yes – there are annual and mid-year reviews of the budget and departments spending base on Ministry Annual Management Plan.	Annually between the PSC Chairman and the Minister responsible	Basic salary and other benefits	Need to improve the preparation of the contract document, in particular the deliverables, so that

Country	Expressed/Implied linkage	Clear linkage to budget	Reporting and accountability mechanism	Performance assessment	Reward and incentives	Areas to improve
Vanuatu	There is some kind of written contract agreement but a lot of conditions and benefits are found in other documents but not on the actual contract; implied	Employment contract is not link to the performance management system to the national budget	PSC Chairman also reviews performance of HoD and report to Cabinet There is mechanism in place for reporting and accountability, but it needs to be strengthening. In the last three years, reporting became an area of weakness	The performance system has been in place for about 2 years; implementation is still an issue	Reward and incentive is now inserted into the policy. Like performance assessment, it needs to be implemented and 2010 should be the year of rewarding the staff in the VPS	they are reflected on the contract. Also need to strengthen the performance appraisal and usage of balanced score card To have a simple and easy appraisal system Strengthen the reporting system Strengthen the HRO group Encourage more communication among senior and executive level

Note: There is no information from PNG and, in the case of the Cook Islands, the PSC employees who assisted with the information do not understand some of the details required.

Appendix E: Management approach used in ministries/departments

Country	Full devolution	Delegated	Semi-delegated	Centralised	Outsourced
Cook Islands	<ul style="list-style-type: none"> HRM and financial management have been fully devolved since the mid 1990s The HRM is particular appears to be facing some real challenges because of the absence of guideline policies and Manuals. Currently the new PSC HoM is developing these guidelines to ensure some consistency in interpretations Absence of these has created problems with monitoring and evaluation 			Budget - Outer island budget is monitored by MFEM	<ul style="list-style-type: none"> Cook Islands has practised outsourcing mainly of the commercially oriented functions, e.g. infrastructure
Papua New Guinea					
Samoa	<ul style="list-style-type: none"> Full devolution of HR operational functions, though the PSC does frequent monitoring on Ministries performance of devolved functions. Salary determination and second level mediation are retained by the PSC Some devolution of financial and procurement functions. Given these two functions were devolved some 14 years ago, there is a need for a review whether government revenue and Ministries capacities are adequate to allow full devolution 	Restructuring of Ministry to ensure the structure supports its core business is delegated to Ministries for them to initiate and PSC and MoF will deliberate on the final outcome before submission to Cabinet	Initial stages of the mediation are done internally and the PSC can assist. Other levels of the process are done by the PSC and a nominated investigator from a different Ministry to ensure fairness and objectivity	Transfer of employees to outer islands is being retained by the PSC	<ul style="list-style-type: none"> There are services especially of ICT that are mostly outsourced to private entrepreneurs. In developing new policies and plans there is a lot of collaboration with the private sector and NGOs On the issue of capacity building service provision, this is outsourced to the private sector or tertiary institutions such as the NUS

Country	Full devolution	Delegated	Semi-delegated	Centralised	Outsourced
Tonga					
Vanuatu	<ul style="list-style-type: none"> VPS is still holding on to some major functions such as recruitment, training on long term, structures & job descriptions, most of the allowances except the acting allowance, use of vehicles during unofficial hours etc. 	<ul style="list-style-type: none"> Few functions delegated to Ministries are: <ul style="list-style-type: none"> Annual leave and sick leave, maternity leave, family leave, compassionate leave Acting arrangement Transfers of staff 			

EMPLOYMENT SENIOR CONTRACT GOVERNMENT

The Contract System of Employment for Senior Government Officials

This publication reviews the effects of the reforms implemented under the 'new public management' programme on the roles and conditions of service of permanent secretaries in the Cook Islands, Papua New Guinea, Samoa, Tonga and Vanuatu. These countries introduced the contract system of employment, and their experiences highlight the importance of acknowledging context in considering the implications of the contract system, and the challenges of implementation.

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